



ORIGINAL

Hillcrest



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2008 NOV -3 A 10:29

Arizona Corporation Commission

Mike Gleason, Chairman

William A. Mundell

Jeff Hatch-Miller

Kristan K. Mayes

Gary Pierce

Arizona Corporation Commission

DOCKETED

NOV 3 2008

DOCKETED BY

John Sears

10/25/2008

Chairman-UCSA

Hillcrest Bay

Parcel 310-32-144

Docket No. E-01345A-07-0663

Docket No. T-01846b-07-0663

In response to the letters from Mr. Art Ward Docketed on Oct 15, 2008 and Oct 22, 2008:

Hillcrest Bay complies with the HOA laws of Arizona, the CC&R'S and it's By-Laws. The owners by a large majority have petitioned for and expect that the USCA project be advanced by the HOA and eventually approved by the ACC. Monies have been disbursed for the project, accordingly.

At the annual homeowners in 2004, when Mr. Ward was Vice President of the HOA, the owners approved of monies and Mr. Ward as the then President of the HOA, eventually delivered \$25,000.00 to APS for underground engineering plans, as required by the vote. Later in February, 2007 the total of \$28,000.00 paid to APS for these plans, was refunded to the HOA treasury. Without the support of the owners and the effort of those who volunteered their time to work on the petitions and collect signatures in sufficient amounts, this money would never have been recovered from APS. In view of this major reimbursement, current monies spent on this project are incidental.

The effort to provide financial assistance is on going. Owners have responded with their information. Those who have asked for help were provided with an application to qualify for assistance, just last week,. We do not as yet, have the results of this effort. (Attachment 3)

Mr. Ward wrote his two letters after attending the September 27th annual HOA meeting where this project was a major topic. At this meeting I related to the owners, the January 18th hearing before the ACC, the resultant ROO from The Honorable Sarah N. Harpring. I outlined the July hearing and the Hatch-Miller amendment to the ROO. I read the amendment, verbatim, with explanations for each of the five required items. Following this, Mr. D. L. Wilson of APS and Mr. Chris Kellogg CEO and vice president of Tades, Inc. a trenching and electrical contracting co., discussed the project and answered questions. Mr. Ward did not seem to be lacking information then, as he did not ask one question.

Attached is a 10 page informational document made available to everyone at this annual HOA meeting. (Attachment 4). The Hatch-Miller amendment is included, (Attachment 4,c) .

Verizon and APS public cost and service cost for this project, were mailed to each owner on March 21, 2007. The meter to panel conversion cost estimate, a letter of explanation and the 2nd petition was mailed by the HOA, to each owner, March 24, 2007. (Attachment 4,e, f)

Mr. Ward was actively involved in this project, as HOA Vice President and President through July, 2005. (See Time line Attachment 4d, items 2, 3 & 7,)

The HOA holds monthly meetings at Hillcrest Bay. Advance notice of time, place and date is posted on the bulletin board located next to the mail boxes and on Hillcrest Bay website. Everyone is welcome. There is always information on the UCSA and an opportunity for guests to speak and ask questions. The minutes reflect that Mr. Ward has not attended these meetings anytime in recent years.

Letters, comments and board meeting minutes are posted on the hillcrestbay.com website. If Mr. Ward does not care to come to the monthly meetings, he can find information on the web site, phone numbers and e-mail addresses. Mr. Ward is welcome to call or e-mail me or any board member. As volunteers, we are doing everything possible to make the UCSA information available. Mr. Ward or any owner can be informed, with a little effort on their part.


Pertinent information from Verizon, from APS, or on the Underground Utility Project, is relayed and discussed routinely at these monthly board meetings.

The required petition and survey of the Hatch-Miller amendment was recently mailed. Any personal contact has been minimal. There has been no hard sell as Mr. Ward claims.

Unfortunately, the term "amended cost estimates" has led Mr. Ward, and perhaps others, to conclude that new costs are being added or that the original costs are being changed. Though explained at the annual meeting, Mr. Ward seems not to understand that "amended cost estimates" refers to the same parcel costs sent to the owners in 2007. What is being amended is the format in which these same costs are filed with the ACC. When completed each owners cost will be listed and totaled on one line.

It is clear that both residents and non residents continue to support this UCSA project.

Sincerely,



John Sears

Attachments:

- 1) letter from Art Ward 10/15/2008
- 2) letter from Art Ward 10/22/2008
- 3)) Financial Aid application (two pages)
- 4) Underground Utility Project, index (provided at the annual HOA meeting)
 - a)) street lighting
 - b) Verizon, land lines vs. new technology
 - c) Corporation Commission Amendment
 - d) Time line, facts and information (two pages)
 - e) Informational project letter 2/25/07
 - f) Informational project letter 3/24/07
 - g) Informational project letter 4/15/2007
 - h) BankRate. com (sample calculation)

ORIGINAL

Corporation Commission
 Mike Gleason
 William A. Mundell
 Jeff Hatch-Miller
 Kristin E. Mayes
 Gary Pierce

Laurence A. Ward
 867 E. Linger Drive
 Parker, AZ 85344
 310-32-154

Docket NO. E-01345A-07-0663

Docket NO. T-01846B-07-0663

In the Procedural Orders starting with the fourth one, our Board of Directors here at Hillcrest Bay are the people that are promoting this UCSA. And they have not in any way cooperated with us, the people that oppose the UCSA. They have used our dues money for all they have done, which includes hiring a consultant, a lot of mailing to everyone that owns property here, and quite a few other things connected to the UCSA. We have asked them for money to mail our opposing information, and they have refused to give us any. In the fifth Order, they have not given us any information about what financial assistance is available. They only sent out asking if anyone needed Assistance. And I do not think they have enough assistance to do any good. Their only source of money is from the Association dues we pay. Which is only \$220.00 a year for each lot. And that is supposed to be used to maintain this area including the roads. They have not given us any information on the amended costs for each parcel on the public costs, service costs, or the private costs resulting from the UCSA. But they sent out petitions asking if we support or oppose the UCSA. How can anyone give a truthful answer without knowing the costs for this? And now they are putting out information that they have complied with all of the Commission Orders. I ask you, the Commission, how can the petitions and the saying they have financial assistance be valid? Now they want me to pay more money than I paid for my lot for something that I already have and have already paid for. This is the kind of things they have been doing from the very start of this UCSA. They either do not give us any information, or it's misleading information. Also the Board of Directors has used the hard sell to get their signatures.

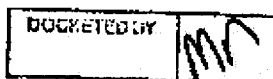
I understand the Commission was disappointed that more people opposing the UCSA were not at your last meeting on this. This is the reason, most of the people that oppose it live here full time and are either still working and can not afford to take the time off of work or are retired on a fixed income and can't afford to go 180 miles one way and pay to stay 2 or 3 days while the meeting takes place. If you had your meeting in Parker Arizona, you would be over run with people that oppose the UCSA. Also most of the people that want this UCSA live in California. They are weekenders, and most of the time they spend here is spent out on the lake playing. Now about the view, Hillcrest Bay is on the side of a mountain. The UCSA will only help the view of no more than half the houses here the rest look at the houses across the street. And with the economy the way it is the value of property is going down not up, Real Estate people say UCSA will only help 2 to 3%, of property value, some say none, The price and finance charges of UCSA is more than twice that. So no one can afford the UCSA. Please reconsider and turn down this UCSA Project.

Laurence A. Ward
 Laurence A. Ward
 867 E. Linger Drive
 Parker, AZ 85344

Arizona Corporation Commission

DOCKETED

OCT 15 2008



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 OCT 15 A 11:02
 AZ CORP COMMISSION
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310-32-154

Corporation Commission

Mike Glendon

William A. Mundell

Jeff Hatch-Miller

Kristin K. Mayes

Gary Pierce

2008 OCT 22 P 2:15

Docket NO. E-01345A-07-0663

Docket NO. T-01846B-07-0663

AZ CORP COMMISSION
DOCKET CONTROL

In your Procedural Orders of your open meeting on July 1, 2008 starting with the 4th order. Our Board of Directors of Hillcrest Bay, Inc. does with one exception, support the UCSA and has not in any way cooperated with the people that oppose the UCSA. They refuse to give us money to put out our information, but they have used a lot to keep this going. They have not given us any information that they get from APS or Verizon. Or if they do it is misleading. This Board of Directors is supposed to represent all the people that own property here, but they only represent the people that support the UCSA. APS and Verizon have sent out lists of the cost for each lot for their part in this. But we have never gotten any figure for what it will cost each property owner for the hookup form where APS puts the meter to our house. If they have the location for the meters on our lots, they have not told us where it would be, except that it would be in the front. For most of the property here the present utilities are at the back of our lots. And that is where our hookup for it is. And for most of the places it will be a major problem to go from there to the front of our lots to hook up to the meter. It will probably cost almost as much for that hookup as it costs for APS and Verizon put together. And it will make us in a lot of places have to tear up a lot of concrete and dig a 3 foot deep ditch almost the full depth of the lot.

In Your 5th Order, the Board sent out letters asking if anyone needed financial assistance for the UCSA. But they didn't give any details of how much assistance there would be and nothing showing on the amended costs for each lot. I have been on the Board of Directors three times and know that their only source of money is from the \$220.00 a year dues that each lot pays. And that is supposed to be used for maintenance of the Hillcrest area and the roads. As for the value that the UCSA would make in our property, Real Estate people tell me that even in good times it wouldn't even be close to what the cost will be. And these are sure not good times. Also they sent out petitions asking if we support or oppose the UCSA. That is all that was on the petition. No information at all. Now they are saying that they have complied with all the Orders.

This is just not a good place to do the UCSA, as the Judge said. The Underground Utilities would be put in our roads and we have individual house water pipes and main water pipes going across all our roads. And even though APS has said they would do one road at a time. Water would be off for extended lengths of time. Making it hard for some of the older people here. APS has said it would take about a year to complete. That is a long time to have water going on and off all the time, plus the problem of dust from the construction.

I would sure like to have at least one of you Commissioner come out here and let me, not the Board, show you around Hillcrest Bay. I could show you in just a little while why this is not a good place to put the utilities underground. This is really a nice place, and the utilities were supposed to be put underground when it was developed, but APS did not have the time then to do it. Now it will be just too hard and too expensive to adapt to what we have. So please



Dear Hillcrest Bay Homeowner,

October 22, 2008

You have indicated to our Board that you need financial assistance to help with the expenses of the UCSA (Underground Conversion Service Area). This assistance will be for new connections and panel conversion of your dwelling. In order to qualify for financial assistance you need to:

1. calculate *all* your income and verify in the attached Household Income chart that your household income is at or below the indicated levels.
2. submit complete copies of your Federal tax returns for the last two years (all schedules) or other proof of income (i.e. 1099 SSA).
3. submit the attached application answering all questions and including your signature and date at the bottom.
4. you must be the owner of record of an improved lot when the project is completed.

Note: If the owners of record file separate tax returns, an application and the income verifying documentation must be submitted for each owner.

The board has retained Douglas Bigler, CPA to review your documentation. Both parties (the Board and Mr. Bigler) are committed to protecting the privacy of our homeowners. Mr. Bigler will utilize this information in a responsible and professional manner. All the information you submit is considered confidential. The board will only be informed of Mr. Bigler's determination of your eligibility. Neither the board nor any other individual will ever have access to your personal information.

Thank you for your cooperation,

Underground Utility Committee

HILLCREST BAY
UCSA Financial Assistance Program Application

3 page 2

Date: ____/____/____ Name: _____
(Last) (First)

Hillcrest Address: _____

(City) (State) (Zip)

Lot #: _____ Telephone # (____) _____ - _____

HOUSEHOLD INCOME			
Household Size	Monthly Income Level	Household Size	Monthly Income Level
1 Person	\$1603	5 People	\$3823
2 People	\$2158	6 People	\$4378
3 People	\$2713	7 People	\$4933
4 People	\$3268		

**Low income program guidelines are 185% of the 2008 Federal Poverty Guidelines.*

- ☐ Complete & sign application.
- ☐ Complete copy of Federal Tax returns or other proof of income (i.e. 1099 SSA)
- ☐ You must be the owner of record at the time the UCSA project is completed.

In order to respect your privacy, we ask that you mail or fax your application and supporting documents directly to Doug Bigler, CPA. The CPA firm will review the documents and make a determination of your eligibility for assistance. Applications post marked after November 22, 2008 **shall not** be considered. Any incomplete applications without the requested verifying information will not be considered.

Mail to:

Douglas R. Bigler, CPA
Attention: UCSA Financial Assistance Program
160 N. Broadway
Blythe, Ca 92225
FAX (760) 922-4901

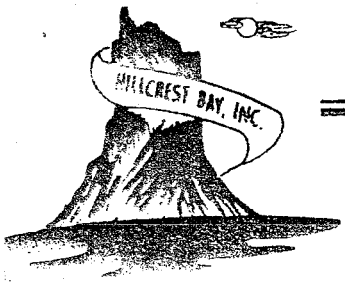
Permission is hereby granted to the Douglas R. Bigler, CPA to contact any sources necessary to establish the accuracy of the information given which pertains to the verification of my eligibility. Permission is hereby granted to the Douglas R. Bigler, CPA and the Internal Revenue Service or Social Security Administration to exchange information that I have provided. If the information provided on this form is false and used to fraudulently obtain financial assistance under this program. I will be required to repay the amounts paid on my behalf.

I affirm that the attached income information is true and correct and if needed, I authorize Douglas R. Bigler, CPA to confirm income documentation is true and correct. I understand the conditions of this financial assistance program.

(Signature & Date)

(Signature & Date)

2002



Underground Utility Project

[1] STREET LIGHTING

[2] VERIZON, LAND LINES VS. NEW TECHNOLOGY

[3] CORPORATION COMMISSION AMENDMENT

[4] TIMELINE, FACTS AND INFORMATION

[5] PROJECT LETTER, FEBUARY 25, 2007

[6] PROJECT LETTER, MARCH 24, 2007

[7] PROJECT LETTER, APRIL 15, 2007

[8] BANK RATE.COM, SAMPLE CALCULATIONS

From: <DonaldLee.Wilson@aps.com>
To: <jlsears@cox.net>
Sent: Friday, February 15, 2008 4:04 PM
Subject: Hillcrest Bay Lighting

John, as we discussed on the phone there are a number of options regarding the lighting at Hillcrest Bay. In all cases, the lighting situation is independent of the Underground Conversion project and has no bearing on the costs for that project. As I see it, the options are as follows:

- 1) **Do Nothing:** In the Underground conversion project we have made provisions to re-serve the existing Dusk-to-Dawn (D-D) lights from the underground system. The existing wood poles would be cut off above the light fixtures.
- 2) **Terminate Lighting service:** When originally installed the HOA signed a contract for a three year term on the existing lights, which obligated them for three years of lighting service, or if terminated prior to three years the lesser of the remainder of the term monthly charges or the installation and removal cost of the lights. As this contract has expired there would be no charge to the HOA to terminate service, in which case the existing lights would be removed.
- 3) **Upgrade as Dusk-to-Dawn Lighting:** The HOA could request that the existing fixtures and poles be replaced with steel poles and Dusk-to-Dawn lights, either in the existing locations or at different or additional locations. The HOA would need to sign a four year contract (four years because poles are involved) and provide additional earthwork, conduit, and surface restoration needed, if any, for the selected locations. While there are many options of light size and pole selections, the most common small light used in residential areas is a 5,800 lumen high pressure sodium fixture on a 30 foot round steel pole. Monthly costs for each location using this option would be \$20.41 plus adjustments and taxes per the APS E-47 Dusk to Dawn Lighting rate currently in effect.
- 4) **Form a Street Light Improvement District and install lighting as street lights:** In reviewing the E-58 Street Lighting rate I have found that my information on this verses the Dusk to Dawn rate was out of date. The Street Lighting Rates are now the same as the Dusk to Dawn rates, therefore the cost per location would be the same as indicated above at \$20.41 per location plus adjustments and taxes for the fixture and pole indicated. This option would involve working with the county on forming the improvement district, and would involve the county paying the monthly billing with them collecting the funds via property taxes. Any changes in lighting would also need to be requested of APS by the county.

Any questions please contact me. Thanks.

D.L. Wilson
 928-669-2248, Ext 1

Email Firewall made the following annotations

 --- NOTICE ---

This message is for the designated recipient only and may contain confidential, privileged or proprietary information. If you have received it in error, please notify the sender immediately and delete the original and any copy or printout. Unintended recipients are prohibited from making any other use of this e-mail. Although we have taken reasonable precautions to ensure no viruses are present in this e-mail, we accept no liability for any loss or damage arising from the use of this e-mail or attachments, or for any delay or errors or omissions in the contents which result from e-mail transmission.

3/1/2008
 2/26/2008 11:24 AM

9/23/2008

Mr. William Kearns,
District Manager, Sunbelt District.
Verizon Communications.
Palm Springs, Ca.

RE: land lines vs. new technology.

Bill, in your opinion will copper land lines for telephone service in the Parker Arizona area become obsolete in the foreseeable future, say 20 or more years from now?

Is technology, such as Hub or any other technology available that would make the Hillcrest Bay telephone system, either overhead or under ground obsolete in the foreseeable future?

Thank you for taking the time to answer my concern about the permanency of land lines in the Parker Hillcrest Bay area.

Thank you,
John Sears,
Hillcrest Bay, Inc.

From: william.kearns@verizon.com
To: John Sears
Cc: william.kearns@verizon.com ; luis.becerra@verizon.com
Sent: Tuesday, September 23, 2008 5:33 PM
Subject: Re: John Sears, Hillcrest Bay, land lines

John,

It was nice to hear from you.

In my personal opinion, I do not see copper facilities being obsolete in the near term future for the Hillcrest Bay Mobile Manner.

Technology has brought changes to the Telcom industry. Data transmission, through the emergence of wireless, fiber optics, and satellite has had an impact on copper facilities. However, technology has been, and is still being used, on the copper medium. As an example, through multiplexing, digital signals are sent through copper twisted pair to provide voice grade service. By multiplexing, we are able to provision multiple voice services over one copper line. That way, we minimize cost / service.

The majority of our residential service is provided over copper twisted pair; And since we have a major CAPEX investment in copper, the Telcom industry utilizes current and future technology to minimize any additional investment while providing service to our customer base.

I hope this answers your question. Please feel free to contact me for any additional opinions.

Bill Kearns
District Manager
Network Engineering
Sunbelt District
760-778-3620 Office
760-475-3745 Cell
760-325-2536 Fax
295 North Sunrise Way
Palm Springs Ca. 92262-5295

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

4c

RECEIVED

HATCH-MILLER PROPOSED AMENDMENT #108 JUL -11 P 1:03

TIME/DATE PREPARED: July 1, 2008/9:22 a.m. AZ CORP COMMISSION
DOCKET CONTROL

COMPANY: APS/Verizon CA

AGENDA ITEM NO. U-18

DOCKET NO.: E-01345A-07-0663/T-01846B-07-0663.

OPEN MEETING: DATE: July 1 and 2, 2008

Page 47, line 6, (Finding of Fact 160):

DELETE: from "The Commission" through line 8.

INSERT: "The Commission recognizes that the Hillcrest Bay owners who support the UCSA passionately believe that the UCSA would significantly benefit Hillcrest Bay now and in the future and that some have expressed willingness to provide financial assistance to those Hillcrest Bay owners who are unable to afford the costs of the UCSA. Because the Commission does not want the parties' efforts to go to waste, the Commission believes that the parties should have the opportunity to work out the details of this financial assistance and to determine whether the costs of the UCSA can be reduced sufficiently to make it economically feasible. Thus, the parties should be permitted to file in this docket, no later than 12 months after the effective date of this Decision, a request for determination of economic feasibility including (1) a document detailing the financial assistance to be provided to individual Hillcrest Bay owners, who shall be identified by name and parcel number; (2) amended cost estimates showing for each parcel the public costs, service costs, and private costs resulting from the UCSA; (3) any reliable evidence establishing that the UCSA will result in increased property values; (4) a new petition listing each parcel, indicating whether the owner/s of each parcel support or oppose the UCSA, and including the dated signature of an owner of each parcel; and (5) a list of the Hillcrest Bay owners of record generated by the La Paz County Recorder's Office within 30 days before the request is filed with the Commission. Upon receipt of the request, the Hearing Division shall establish the procedure for processing the request."

Page 50, line 5:

INSERT NEW ORDERING PARAGRAPH: "IT IS FURTHER ORDERED that if the parties desire a determination of economic feasibility because they believe that they have established a plan to create an economically feasible UCSA, the parties shall, no later than 12 months after the effective date of this Decision, file a request for determination of economic feasibility that conforms to the requirements of Findings of Fact No. 160."

Repaginate, as necessary, to conform.



Facts and information concerning the Underground Utility Project

- [1] September, 2004 Homeowners annual meeting, Owners vote to move forward with the underground project.
- [2] October 19, 2004 Owners meet with APS at their Parker office to gain information on this project. Marge Ward makes motion at the board meeting to authorize the treasurer to write check to APS for APS to move forward with underground engineering plans, motion approved.
- [3] December 2004, Art Ward, then current HOA president delivers \$25,000.00 to APS for UG engineering plans.
- [4] January 19th, 2005 APS overhead redesign plan clearly states that 42 additional power poles, some with 75,000 volt transformers, will be added to the streets of Hillcrest as follows: Dunlap Dr.[3], Noble View [7], Max View [3], Linger Dr,[11], Manor View [3], Chrystal View [5], Swan Dr. [9], Hillcrest Dr. [1], the existing wooden poles will remain, if the underground project fails.
- [5] February 2005, an information letter was sent to all homeowners and posted on the bulletin board.
- [6] May 2005, a motion is made and passed to hire Alex Romero as a consultant for the project.
- [7] June 2005, A contract to hire Alex Romero consultant was signed by Art Ward, President HOA.
- [8] APS accepts recommendation of Alex that not all pedestals need to be in front of properties.
- [9] October 22nd, 2005, Supervisor Cliff Eddy, D.L. Wilson, of APS and Alex Romero, consultant for Hillcrest Bay have informative discussion on the project at the annual homeowners meeting. The 1st petition to form an Underground Utility District is signed at this annual meeting and mailed in November, to all owners not present.
- [10] March 19th, 2006, street lighting discussion at the board meeting. If underground utilities are approved then we have options to a) eliminate all lights b) leave current poles and lights c) upgrade and replace strategically with a more decorative style
- [11] January 2006, La Paz County receives and verifies the 1st petition. Makes legal notifications.
- [12] May 2006, La Paz County has open hearing and approves The Formation of an Underground Utility District.
- [13] On June 7th 2006, Pike Smith APS engineer, Dale Heberling La Paz County Inspector, Korkie Kellogg CMK Electrical Engineering, Todd Horning T. Theron Trenching Contractor, Alex Romero Consulting, Roy Hockinson owner, John Sears, chairman, inspect each home prior to conversion to determine panel location, and the pedestal location if required. La Paz county recommends 200 amp panels.
- [14] June 2006, Another information letter was mailed to all owners.
- [15] Verizon decides not to participate and announces that they will stay on the poles, leave their telephone lines in the air if APS goes underground.
- [16] July 8th, 2006 La Paz county Supervisor, Cliff Eddy and D.L. Wilson offer a new plan that if supported by the Hillcrest owners would compel Verizon to place their facilities underground as well.
- [17] September 23rd, 2006 At the annual meeting, Cliff Eddy and John Sears discuss the new State of Arizona statute for overhead to underground conversion and offer copies to all who care to have one. Mr. Eddy stressed that the cost for the conversion will be very much higher in the future.
- [18] The new Arizona State petitions for the 6.1 overhead to underground conversion are received. This petition when approved by 60% of the owners requires the two utilities to provide a cost estimate to each owner, a cost estimate that by law, cannot be exceeded.

[19] October 2006, a new metal pole is placed on street on Chrystal View. An example of what is to come.

[20] On November 21, 2006 the signed petitions were delivered to APS and Verizon. More than 60% of the homeowners petition the utilities to come up with a not to be exceeded cost for trenching and conduit, one each for Verizon and for APS which will run in the streets to the each properties electric meter or to the lot line if an undeveloped lot. The county assessors office will verify that the signers are the owners and verify the count. The two utilities are each putting up ½ of the money to do their portion of the project and only asking that it be repaid over years at an interest rate NOT to exceed 8%. Most likely much less. The rate is to be determined at the completion of the project [probably late 2010] and will be the prime rate as published in the Wall Street Journal according to the Corporation Commission. ACC staff recommends a 15 year term

[21] February 16th 2007 A meeting was held on Friday night at APS in Parker Az..

Present were Pike Smith of APS, Robin Eliff of Verizon, D.L. Wilson of APS. Board members and interested parties. to review service connections/ homeowners responsibilities/ point of service & point of demarcation[to the meter], discussing the private and public work involved with the overall project.

[22] February 2007 Due to the support of the owners and our success in collecting signatures, in November, APS refunded \$28,000.00 to the Hillcrest Bay treasury. A project information letter was mailed to all owners

[23] On March 21st, 2007 The Combined Utilities, APS & Verizon mailed to each owner their respective project cost. By law this cost cannot be exceeded, it can go lower. This to be financed over a long term period by the utilities, total cost \$ 2,000,008.00

[24] On March 24th, Hillcrest Bay mailed the connection cost estimates to all owners with developed lots with a letter of explanation. [attached [6]] total \$ 902,525.00

[25] June 17th, 2007 the last petition containing the required 60% of signatures was delivered on time as required to APS. This petition complied with state law and authorized the project to go forward.

[26] October 20th, annual homeowners meeting. A brief history on how the Underground Utility Project began and how it has progressed to where it is today, was presented.

All questions from the many owners who attended then meeting were then satisfactorily answered..

This brief history of the project, appears on the Hillcrest Bay web site, www.hillcrestbay.com

[27] January 18th Arizona Corporation Commission all day hearing in Phoenix, before The Honorable Sarah N. Harpring.

[28] A motion is made for the board to consider, by forming a committee the use of Hillcrest monies to help pay in principal, for some or all of the cost related to the underground for those claiming a low income/ hardship situation if the monies are available if these residents come forward and are identified. Robyn Stein/Terry Bitrich. Passed Additional monies are committed by some owners for this worthy effort..

29] March 28th, 2008 Options for street lighting from APS. [see APS attachment]

John withdraws any previous recommendations to form a lighting district

[30] John recapped the lien process. The liens would not be filed until the entire underground project is completely finished, including the removal of the telephone poles. It will then take 60 or more days to do the filing and set up a system for repayment to the utilities.

[31] May 2008. The Honorable Sarah N. Harpring mails her recommended opinion and order.

[32] July 1st, 2008 The commissioners of the ACC hear the Hillcrest Bay OV/UG petition and offer amendments to the Recommended Opinion and Order.

[31] July 2008, Motion made and passed for the HOA treasury to commit \$9000.00 to the separate fund that will aid the owners who cannot afford their meter to electric panel connection and panel conversion.

[32] Survey letters complying with the ACC amendment to the ROO are mailed.

[33] Petition letters complying with the ACC amendment to the ROO are mailed.



UNDERGROUND UTILITY PROJECT

FEBRUARY 25, 2007

THE PETITIONS THAT WERE SIGNED BY THE HILLCREST OWNERS FOR THE UTILITY COMPANIES TO REMOVE THEIR TELEPHONE POLES AND TO LOCATE THE POWER AND TELEPHONE LINES UNDERGROUND AND BRING POWER TO EACH LOT, HAVE BEEN CERTIFIED. THE PROPORTIONATE COST TO EACH OWNER TO ACCOMPLISH THIS, WILL BE MAILED BY THE UTILITIES, TO EACH OWNER ON MARCH 21ST. 2007.

PLEASE WATCH FOR THIS APS AND VERIZON REPORT.

THIS COST, TO EACH OWNER CAN BE REPAID TO THE UTILITIES OVER A PERIOD OF UP TO 15 YEARS AT A RATE NOT TO EXCEED 8%, AS DETERMINED BY THE ARIZONA CORPORATION COMMISSION OR IT MAY BE PAID FOR UPON COMPLETION OF THE PROJECT. THE CONNECTION AND CONVERSION COSTS ARE SEPERATE AND ESTIMATES WILL COME WITH THE PETITIONS.

WITH EVERYONE'S CONTINUED SUPPORT THE EXISTING TELEPHONE POLES, POWER POLES, POWER AND TELEPHONE LINES WILL BE REMOVED. NO NEW POWER POLES WILL BE ERRECTED. NO ADDITIONAL LINES WILL BE HUNG IN THE AIR. THE OVERHEAD SYSTEM WILL BE GONE.....OTHERWISE, OUR DEVELOPMENT WILL HAVE AN OVERHEAD UTILITY SYSTEM THAT WILL BE PATCHED UP BY ARIZONA PUBLIC SERVICE.

THE \$28,000.00 THAT HILLCREST BAY PAID TO APS FOR THE ENGINEERING PLANS FOR THIS PROJECT HAS BEEN RETURNED TO THE ASSOCIATION, AS PROMISED.

PETITIONS FOR THIS PROJECT TO CONTINUE, WITH ADDITIONAL INFORMATION, WILL BE MAILED AND/OR MADE AVAILABLE AFTER THE MARCH 21ST COST REPORT. PLEASE SIGN AND RETURN THE PETITIONS IMMEDIATELY AS THE ASSOCIATION HAS A DEADLINE OF JUNE 15TH, 2007 TO TURN IN THE PETITIONS. EACH SIGNED PETITION IS IMPORTANT AND NECESSARY TO COMPLETE THE PROJECT.

JUST A REMINDER:

ALL OF US TOGETHER WILL PAY TO PLACE THE UTILITIES UNDERGROUND NOW OR THE EXISTING TELEPHONE POLES AND LINES WILL REMAIN. IN ADDITION NEW APS POWER POLES WILL BE LOCATED ON MOST STREETS, WITH REPLACEMENT POWER LINES BROUGHT IN TO MOST OF OUR HOMES, FROM THE STREET.....IF THE UNDERGROUND CONVERSION IS NOT DONE NOW.....ALL OF THIS WILL BE WITH US FOR A LONG TIME.

JOHN SEARS
HILLCREST BAY HOMEOWNERS ASSOCIATION

QUESTIONS JLSEARS@COX.NET 714-838-1551

UNDERGROUND UTILITY PROJECT

March 24, 2007

ESTIMATED PROJECT COST PER HOMEOWNER

On March 21, 2007, the Local Utilities (APS & Verizon) mailed to you the cost estimates to bury the utilities underground and remove the existing utility poles. This amount reflects your portion of the long term (which can be financed through utility co.) cost to bring electricity and telephone service underground through the streets to the APS meter (point of entry). The rate and terms of repayment (not to exceed 8% and 15 years) will be determined by the Arizona State Corporation Commission.

ADDITIONAL COSTS PER HOMEOWNER

The cost (short term) for upgrading and bringing service from the APS meter (point of entry) to your house may include trenching, conduit, copper lines, new pedestal, panel conversion or replacement to 200 amp service. This is the responsibility of the individual homeowner. Each property has been evaluated and the cost to convert to underground service estimated. These short term costs estimates are indicated below. Any owner who wishes may contract their work out to other contractors or do this work themselves. Vacant lots are exempted from short-term costs, as there is nothing to connect.

The Long Term cost, from the utility companies is \$2,008,005.23. It is important to note that this is an *estimate* and may, in fact, be lower when actual costs are verified at completion. The separate Short Term conversion cost *estimate*, to be paid at the time of conversion, is \$902,527.50, based on 190 developed lots. Total estimated cost (Long and Short Term) for this project is \$2,910,532.73

It is important to note that these Long Term estimates, by law, cannot be exceeded and may, in fact, be lower when actual costs are verified at completion.

The following estimate is for connecting the utilities underground from your meter (point of entry) to your house. This is the amount due at conversion; which will not be required until well into next year. Again, any owner who wishes may contract their work out to another contractor or do this work themselves.

Please sign (listing your Hillcrest Bay address) and return the entire petition packet in the enclosed envelope.

NAME: _____

LOT #: _____

TRENCHING: _____

ELECTRICAL: _____

PROPOSED UNDERGROUND UTILITY PROJECT

4g

The most frequently asked questions:

April 15, 2007

I received a letter from A.P.S. and Verizon for the underground project. I do not understand what the cost is for?

Answer:

APS and Verizon are splitting the trenching costs, public [in the street] and on private property [50/50]. Each number on the utility cost sheet that you received includes the cost for trenching and laying conduit in the public area [street] to your lot line, plus where appropriate, continuing on your property to your meter. [lot conversion]. The utilities will lay two separate conduit's in the trench 12" apart through which the copper cable will be pulled.

Please explain how I can understand the cost breakdown?

[Line 1] The first APS cost, the top number, is for their conduit and 50% of the street trenching, based on the sq. ft. of each lot. [APS has agreed not to charge Hillcrest for the copper cable, the cable pulling, the sweep to the lot line, transformers, labor, etc. This savings is a one time offer to the Hillcrest owners.]

[Line 2] This line is Verizon's 50% share of the street trenching, plus charges for their conduit and cable, labor to pull the cable, etc. Subtract Line 1 [50% APS trenching cost, etc.] from line 2, the difference is Verizon's charge for labor and material. [Unlike APS, Verizon is charging for this.]

[Line 3] This cost is for APS trenching and laying conduit on your property from the street to your meter, as necessary. [No charge for labor or material].

[Line 4] This cost is Verizon's 50% share of the private property trenching cost, plus conduit cable and labor to get the phone lines from the street to your house, at the meter. Subtract Line 3 [50%, APS private property trenching] from line 4, Verizon's private property trenching and connection work, the difference will be Verizon's cost for the telephone connection work.

All of these cost's include complete restoration of concrete, gravel, asphalt, earth compaction, etc. where trenching is done on either private or public property.

Could I be charged more?

The utility estimates are all on the high end and cannot be exceeded. The cost's are verifiable when the project is completed. Only actual work will be charged, so the cost could be lower....but can't be higher.

In addition will be the conversion cost from the meter to the house where needed. Each property has been individually evaluated and estimates mailed to you.

What else should I know?

The 2" conduit that Verizon will lay can be used for fiber optic installation, [television, computer and phone] when it becomes available.

The utilities will install their service to the meter or to the lot line of an undeveloped lot. The utilities are funding the project and only ask that the owners repay them over 10 or 15 years at a nominal rate of interest.

Since Verizon backed out of their agreement to the Homeowners, refused to cooperate, the association had to look to a new Arizona State statute, change format and start over. The district that Hillcrest had formed could not compel Verizon to participate in the project. Verizon was going to leave the poles up and their lines in the air. Verizon is now willing to go underground with an improved service.



Hillcrest Bay, Inc.

4h

BANK RATE.COM CALCULATIONS

PAYMENT AMOUNT

\$5000.00 5% 15YR. \$39.54 MO.

\$5000.00 6% 15YR \$42.19 MO.

\$5000.00 8% 15YR.\$47.78 “

\$5000.00 6% 10YR. \$55.51 “

\$5000.00 8% 10YR. \$60.66 “

\$7,500.00 5% 15YR. \$59.31

\$7,500.00 6% 15YR. \$63.29

\$7,500.00 8% 15YR. \$71.67

\$7,500.00 6% 12YR \$73.19

\$7,500.00. 8% 12YR. \$81.18

\$10,000.00 5% 15YR. \$79.08

\$10,000.00 6% 15YR. \$84.39

\$10,000.00 8% 15YR. \$95.97

\$10,000.00 6% 12YR.\$97.59

\$10,000.00 8% 12YR. \$108.25